

**DECISION**

**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D. C. 20548

**FILE:** B-216106, B-216106.2 **DATE:** January 17, 1985  
**MATTER OF:** Swintec Corp., Canon U.S.A., Inc.

**DIGEST:**

1. General Services Administration (GSA) reasonably decided to fulfill federal agencies' requirements for basic electric typewriters by soliciting offers for a requirements contract using standardized functional specifications that will satisfy 95 percent of agencies' anticipated needs. Even though the standard specifications exclude some models that would meet a portion of those needs, 40 U.S.C. § 481(a) authorizes GSA to standardize specifications for personnel property if, as here, it is deemed advantageous to the government in terms of economy and efficiency.
2. Firm is not an interested party to protest a solicitation's method for evaluating life-cycle costs, in conjunction with bids to supply typewriters, where the firm cannot furnish a typewriter model that meets the solicitation's functional specifications.
3. GAO finds no merit in protest that General Services Administration's method for evaluating life-cycle costs, in conjunction with bids to supply typewriters, is improper where the method is objective and reasonable.
4. Specifications for electric typewriters to meet federal agencies' basic requirements may not provide for the evaluation of features that exceed the agencies' minimum needs.

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Swintec Corp. protests that the General Services Administration's (GSA) solicitation No. FGE-D3-75283-A, inviting bids to supply federal agencies' normal requirements for single-element electric or electronic typewriters, unfairly limits eligible typewriters models to those with a minimum carriage length of 15 inches. (Swintec's model has a carriage length of 14-3/4 inches.) In addition, Swintec and Canon U.S.A., Inc., protest that certain elements of the methodology the solicitation stipulates for evaluating offered typewriters' life-cycle costs (LCC) are unreasonable and unduly restrictive of competition.

We dismiss the protest in part and deny it in part.

#### I. Background

This Office has already rendered a decision denying a protest filed by Olympia U.S.A., Inc., that the solicitation's LCC methodology in general was unreasonable. Olympia U.S.A., Inc., B-216509, Nov. 8, 1984, 84-2 C.P.D. ¶ 513.<sup>1</sup>/

As explained in our prior decision, this procurement will result in the award of a single-award Federal Supply Schedule (FSS) contract against which federal agencies may place orders directly with the contractor. The solicitation provides that the low bidder will be determined basically by the application of an LCC formula adjusting the offered purchase price to reflect certain costs, including the costs of productivity downtime arising from typewriter failures, the costs of repair parts and services, and the costs of replacing ribbons, correction tapes and print wheels. The formula adds these projected costs to the offered purchase price in order to arrive at the total realistic cost to the government for each offered machine. The formula also includes a measure of the machine's trade-in value after 10 years (the machine's "residual value"), which the formula subtracts from the machine's total cost to arrive at the evaluated LCC.

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<sup>1</sup>/The decision responded to the United States Claims Court's request for an advisory decision in connection with a complaint Olympia filed with the court on the same matter. Olympia U.S.A., Inc. v. United States, Cl. Ct. No. 503-84C.

The basic methodology for estimating LCC costs is set forth in an attachment to the solicitation. The projected costs of downtime, repair parts and services, and ribbon replacement were predetermined through testing GSA previously conducted on a sample group of four machines of each model. The testing subjected each typewriter to 3,000,000 keystrokes (the estimated number of operations in the expected 10-year useful life of the machines), using a commercially available automatic electric typewriter tester. GSA predetermined the residual value of each model by surveying dealers of used typewriters for the present value of the machine assuming it was 1-year old, and discounting the average of the responses to reflect the value after 10 years.

Since the evaluation of bids requires information determined in advance of the procurement, the solicitation also limits models that may be offered to those models that have already undergone LCC testing and evaluation. For the purpose of both LCC testing and the present procurement, eligible models were limited to those having a minimum carriage length of 15 inches, whereas Swintec's model has a carriage length of 14-3/4 inches. The decision was based on anticipated savings resulting from economies of scale and efficiency in administering one contract for a single typewriter model.

## II. Issues

Swintec principally complains that limiting offers to models having a minimum carriage length of 15 inches is unduly restrictive of competition.

Canon raises the following objections to the LCC methodology:

- (A) the manner by which GSA determines a model's residual value is unrealistic and unreasonable;
- (B) GSA unfairly uses "lift-off correctable ribbons" in LCC testing and evaluation, and its LCC methodology fails to take into account savings in the costs of operator time accruing to the ability of some models to perform certain tasks, unidentified by the protester, in less time than other models; and

- (C) the methodology fails to take into account the need for models to attain current state-of-the-art abilities (such as the ability to be linked to a word processor or other data processing devices), and does not quantify the economic advantages of models having such abilities.

### III. Discussion of Swintec Protest

#### (A) Carriage Length Requirement.

The protester contends that GSA lacks authority to require agencies needing machines having carriages of less than 15 inches to acquire machines with 15-inch carriages. We believe, however, that the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. § 481(a) (1982), authorizes GSA to standardize specifications for personal property required by executive agencies in the proper discharge of their responsibilities, provided that GSA has a reasonable basis to conclude that standardization would be advantageous to the government. Office Products International, Inc., B-209610, Apr. 5, 1983, 83-1 C.P.D. ¶ 363; Office & Interior Furnishings, B-191655, Sept. 5, 1978, 78-2 C.P.D. ¶ 168. The Act provides:

"The Administrator [of GSA] shall, in respect of executive agencies, and to the extent he determines that so doing is advantageous to the Government in terms of economy, efficiency, or service, and with due regard to the program activities of the agencies concerned --

- 1) . . . prescribe policies and methods of procurement and supply of personal property and nonpersonal services. . . ."

GSA states that based upon a survey of federal agencies' anticipated typewriter requirements in fiscal year 1981, it concluded that the specifications used here would satisfy 95 percent of the government's total requirements for single element electric typewriters, and thus increase the efficiency of acquisition, simplify the product line, and promote better prices by enabling the contractor to realize the economies of scale and larger

production runs. The record does not contain a full report of the survey's results, but does include a summary indicating that typewriters having 15-1/2 inch carriage lengths, to accommodate 15-inch wide paper, would satisfy roughly 95 percent of the agencies' anticipated requirements, whereas machines with shorter carriages (which include Swintec's model) would satisfy less than one-half of those requirements. The summary further indicates that roughly 40 percent of the requirements were for machines that must accommodate 15-inch wide paper, but not wider.

We believe it is reasonable to conclude that acquiring a standard model responding to 95 percent of the agencies' requirements would be less costly than acquiring several different models in smaller quantities. See Canon U.S.A., Inc., et al., B-215493, et al., Dec. 7, 1984, 84-2 C.P.D. ¶ \_\_\_\_\_. In this regard, GSA reports that standardization in fact resulted in lower prices in the fiscal year 1982 procurement. The decision to standardize thus was a proper exercise of GSA's authority under 40 U.S.C. § 481(a) to prescribe methods of procurement that are advantageous to the government in terms of economy and efficiency.

The protester also argues that since the summary speaks in terms of requirements for 15-1/2 inch wide carriages, and not 15-inch wide carriages as specified in the current solicitation, the survey does not support the conclusion that the current specifications will satisfy 95 percent of the agencies' needs. We disagree, since the summary states that the 15-1/2 inch width merely reflects the need to accommodate 15-inch wide paper. Moreover, as previously stated, standardization in fact has resulted in increased economy, thus providing an independent reason for continuing to standardize.

#### (B) LCC Methodology

Swintec is not an interested party under our Bid Protest Procedures, 4 C.F.R. § 21.1(a) (1984) to protest the solicitation's established method for evaluating LCC costs, since Swintec is otherwise precluded from an award by the specifications' requirement for a minimum carriage length of 15 inches. We therefore dismiss this aspect of Swintec's protest. See Swintec Corp., et al., B-212395.2, et al., Apr. 24, 1984, 84-1 C.P.D. ¶ 466.

#### IV. Discussion of Canon Protest

##### (A) Residual-Value Evaluation Factor

The solicitation basically provides that for evaluation purposes an offeror will be credited with the market value of its model after 1 year's use ascertained through a survey of companies that sell large numbers of used typewriters, and then discounted to reflect a compounded yearly 10-percent reduction in value over a 10-year period. The protester raises the same basic objection to this methodology as we considered in our November 1984 decision in Olympia, U.S.A., supra, namely, that an estimate of a machine's trade-in value after 10 years that is based on current market value cannot bear any reasonable relationship to the machine's actual value in 10 years.

As explained in our prior decision, in which we found that this objection lacked merit, residual value comprises a cost element that logically cannot be ignored despite the observed difficulty in determining the precise residual value of each model, and we believe that GSA has employed an objective approach that is fair and reasonable. We point out in this respect that the Claims Court, in denying Olympia U.S.A.'s request for a preliminary injunction, has agreed with our position. Olympia U.S.A., Inc. v. United States, supra, slip op. at 10 (Nov. 21, 1984). We therefore reject Canon's objection regarding residual value.

##### (B) Correctable Ribbons and Time-Saving Abilities of Some Models

Canon's protest does not detail any reasons for its objection to the selection of correctable ribbons for LCC testing. We note, however, that Canon raised a similar objection under the previous year's solicitation for this requirement. Canon alleged that GSA's choice of a correctable ribbon for the LCC testing of all models prejudiced Canon because that was not the most cost-efficient ribbon for Canon's typewriter. We held that Canon had not shown that GSA's choice was unreasonable or intended to prejudice Canon. Swintec Corp., et al., supra, at p. 8, aff'd, Canon U.S.A., Inc.--Reconsideration, B-212395.6, June 4, 1984, 84-1 C.P.D. ¶ 591. Since the protester has not presented any new arguments or new information to distinguish its current contentions from those previously considered and denied, we deny this

aspect of its protest. See Canon U.S.A., Inc., B-213554, Aug. 20, 1984, 84-2 C.P.D. ¶ 195.

Canon complains that GSA's LCC testing and evaluation methodology fails to take into account the relative abilities and productivity rates of different models. Canon, however, has not specified any abilities of its model that would uniformly enhance productivity in comparison to other models, nor has it submitted any evidence to support its general allegation. This protest ground thus lacks any basis to find GSA's methodology deficient.

(C) Current State-of-the-Art Abilities

GSA responds to Canon's objections that the LCC methodology fails to give models credit for features such as the ability to be linked to a word processor or other data processing devices, by explaining that additional features exceed the government's stated minimum requirements and therefore evaluation of those features would be inappropriate. We agree.

The specifications set forth the government's minimum requirements for basic single-element electric or electronic typewriters, whereas, we understand, there exists a multiple-award FSS for electronic typewriters that possess additional features agencies might require in conjunction with word processing or other systems. Thus, upon an agency's determination that its minimum needs will not be met by the basic model on the single-award FSS, the agency may order the lowest priced model on the multiple-award schedule that meets its needs. See Federal Property Management Regulations, § 101-26.408, 41 C.F.R. § 101-26.408 (1984).

The additional features therefore are not required to meet agencies' needs under the single-award schedule. We have held that GSA generally may not evaluate additional features that exceed agencies' minimum needs even though those features may be considered superior for other purposes. See Office & Interior Furnishings, supra, at p. 4. We therefore believe that GSA properly decided not to evaluate additional and unnecessary features under the single-award FSS.

B-216106; B-216106.2

The protests are dismissed in part and denied in part.

*for* *Milton J. Jordan*  
Comptroller General  
of the United States